

# Prescription drug plan may be doomed

**By Jackie Koszczuk**

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WASHINGTON - The evaporation of the federal government's budget surplus probably has killed any chance that Congress will expand Medicare to cover prescription-drug costs for senior citizens, at least for now.

"The budget numbers are the nail in the coffin for the idea of a prescription-drug benefit this year," said Robert Bixby, executive director of the Concord Coalition, a bipartisan group devoted to fiscal discipline.

Other leading analysts and lawmakers agreed, although some hold out hope that the proposal is so popular Congress may be forced to find a way to pay for a slimmed-down version.

But finding enough money for the full \$300 billion, 10-year program appears all but impossible.

The official budget agencies for the White House and Congress reported recently that President Bush's tax cut and the economy's slowdown have dramatically reduced earlier estimates of fat federal budget surpluses.

This year alone, the government is expected to dip into Social Security revenues for about \$9 billion to pay for other routine programs, according to the nonpartisan Congressional Budget Office. That would violate pledges from both political parties, and it illustrates how tight money already is, even before lawmakers begin seeking cash for a new drug benefit.

Lack of money is not the only obstacle in the proposal's path, just the biggest.

"Even absent the budget challenges, this was going to be a very difficult year to come to consensus as to what a drug benefit should look like," said Don Young, a physician who heads the influential Health Insurance Association of America, a trade group for health insurers. "There was a wide range between the views of Democrats and Republicans."

Lawmakers are split over how to administer a drug benefit. Republicans want to link it to a recipient's financial need and tie it to structural reforms in Medicare; Democrats want a uniform benefit for all Medicare patients.

Even if such philosophical splits were resolved, the sudden lack of money means lawmakers would have to dig even deeper into Social Security revenues to pay for a new drug benefit. Congress probably would balk at that unpopular step.

Democrats say Bush and his fellow Republicans are endangering Social Security by giving away the expected budget surplus with their \$1.3 trillion, 10-year tax cut, which Congress approved earlier this year. So Democrats would be on shaky ground if they were to advocate dipping further into Social Security funds to pay for a generous new drug benefit. In such circumstances, the odds of enacting a bill "are profoundly damaged by these changes" in revenues, says Rep. Tom Allen (D., Maine), who is sponsoring a bill to impose price caps on prescription drugs.

Yet members of Congress fear voters may punish them in next year's elections if they do nothing, particularly

since many of them - including Bush - promised swift action on a drug benefit during their 2000 campaigns.

"The last election produced the sense of a mandate on both sides of the aisle to get it done," said John Rother, director of policy for the powerful AARP seniors lobby, which supports a tax-financed drug benefit.

"These guys are going to need to make a serious run at producing a drug benefit, even though it's going to be more difficult than they imagined," Rother said. "The consequences for the public are: It's not going to be a

Ron Pollack, who directs the consumer advocacy group Families USA, which supports the drug benefit, said he feared the White House and Congress may resort to passing empty legislation to appease voters.

"They are going to do what they can to at least appear to have made a valiant and significant effort," he said. "I think we are going to see some real bogus proposals."

Last year, before the 2000 election, Republicans in the House passed a prescription-drug bill that critics say illustrates that threat. It would have relied heavily on private insurers to absorb the high costs of prescription drugs - something the insurance industry said flatly it would not do. The bill passed on a party-line vote and was never considered seriously by the Senate.

The main glimmer of hope for those who support a new Medicare drug benefit lies in the fact that Congress' annual budget resolution supports spending \$300 billion on one over 10 years. And Bush reiterated his support for the benefit this week - without suggesting how to pay for it.

"There is no question the economic landscape has changed dramatically right now," said Michael Siegel, a spokesman for Sen. Max Baucus (D., Mont.), chairman of the Senate Finance Committee. "But it's still on the table as one of the top priorities."

AARP's Rother noted that it typically took the White House and Congress several years to enact a major program. But the shrinking surplus makes compromising on how to structure the drug benefit harder - and compromise was elusive to begin with.

Democrats balked at Bush's initial proposal earlier this year to send \$42 billion in block grants to the states to help with high drug costs while Congress worked to put a permanent program in place. They said the short-term program would jeopardize chances of enacting a comprehensive one. In the face of such opposition, the President abandoned his proposal.

Republicans are using the new budget projections to argue that any new benefit should be accompanied by overhauling Medicare. They want to convert the government-run venture into a public-private partnership. Democrats generally oppose giving private companies a role.

"This is a reality check for people," said Sen. Rick Santorum (R., Pa.). "They need to realize that you can't just add a \$300 billion benefit to the current broken system."

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